MEAN Municipal Energy Agency of Nebraska	Revision No.	~~3~~4.0
	Effective Date	~~May 23, 2019~~
Operational Policies & Guidelines	Distribution Restriction: Public Document	

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Section 1: General Statement

1.1 General Statement

The Municipal Energy Agency of Nebraska (MEAN) sets forth written documentation of the Operational Policies & Guidelines it uses to conduct business. The Operational Policies & Guidelines are approved by the MEAN Board of Directors (Board) ~~and Management Committee~~.

1.2 Purpose

The Purpose of the Operational Policies & Guidelines ~~are~~ is to guide staff and the Board ~~working for MEAN with~~ in appropriate mechanisms to maintain adherence with the Board of Directors and Management Committee to maintain resource plans and planning reserve margins, secure necessary transmission, ensure proper system coordination and promote environmental stewardship. The Operational Policies & Guidelines are maintained in a manner to be consistent with any established risk parameters.

1.3 Applicability

The Operational Policies & Guidelines applies to all staff working for MEAN and all representatives serving on the Board. Staff would ~~also~~ include, but would not be limited to, resources and transmission, settlements, operations, ~~the R~~risk ~~Department~~, ~~the Legal~~ legal ~~Department~~, human resources, ~~the F~~finance and ~~A~~accounting ~~Department,~~ and the Executive Director. MEAN has contracted with The Energy Authority (TEA) to assist with system coordination. This Policy has been provided to TEA.

Section 2: Program and Organizational Structure

2.1 Program Structure

To ensure effective governance of MEAN's operations, the organizational reporting structure will require timely and meaningful performance as well as compliance and risk reporting.

2.2 Roles and Responsibilities

The ~~MEAN~~ Board ~~of Directors and Management Committee are~~ is responsible for approving the Operational Policies & Guidelines. The Executive Director will oversee the administration of and compliance with the Operational Policies & Guidelines. The Executive Director will delegate responsibilities for the administration of the Operational Policies & Guidelines, as appropriate, to the Director of Wholesale Electric Operations.

The Director of Wholesale Electric Operations, and the MEAN Risk Management Team (MRMT) as appropriate, will be responsible for the ~~day to day~~day-to-day administration of the Operational Policies & Guidelines. The Director of Wholesale Electric Operations will be responsible for reporting material matters involving the Operational Policies & Guidelines to the MEAN Board of Directors and Management Committees and other MEAN Committees as appropriate. The Director of Wholesale Electric Operations is responsible for ensuring the Operational Polices and Guidelines are reviewed and revised, if necessary, at least once per year.

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The Power Supply Committee, a subcommittee of the ~~MEAN Management Committee~~Board, has an advisory role to the ~~MEAN Management Committee~~Board. The Power Supply Committee is responsible for reviewing the Operational Policies & Guidelines and making appropriate recommendations for action to the ~~MEAN Management Committee~~Board.

Section 3: Resource Planning and Planning Reserve Margins

3.1 Planning Reserve Margins

MEAN seeks to have sufficient resources ~~on~~ in the Eastern Interconnection ~~Side~~ and the Western Interconnection ~~Side~~ to meet its Participants' requirements ~~through the AC-DC-AC tie~~ and to comply with the then-current applicable requirements for seasonal planning reserve margins for all loads in the Midcontinent Independent System Operator (MISO) and the Southwest Power Pool (SPP) areas.

In addition to these minimum required planning reserve margins, MEAN recognizes the prudency of maintaining additional reserves to accommodate the uncertainty of load growth, changing resource adequacy constructs to ensure reliability, annual fluctuations due to modified accreditation of resources over time, and the potential of penalties for load forecast errors. Additional reserves also provide flexibility to potentially capitalize on opportunities that would benefit Participants.

3.2 Diversity of Resources

MEAN maintains diverse resources contingent on multiple generating units. Historically, MEAN as a whole has had no more than 15% of its capacity dependent on a single generating unit. MEAN endeavors to maintain this kind of diversity, while as a matter of practice also considering availability and economics in evaluating required and prudent planning reserves. In the event a generating unit does represent more than 15% of MEAN's capacity, shaft-sharing agreements, swaps or insurance products will be investigated as a means to reduce the potential cost impacts and disruption of service that could be caused by a major unit outage.

3.3 Integrated Resource Planning

MEAN prepares and maintains an Integrated Resource Plan (IRP) in accordance with requirements of the Western Area Power Administration's (WAPA) Energy Planning and Management Program (EPAMP) (or the then-current WAPA requirement) as required in the WAPA allocation contracts held by MEAN and its Participants. MEAN identifies a resource plan that meets the requirements of EPAMP. MEAN considers all practicable resource options in the development of its IRP, with the primary goal being adequate and reliable power supply for all of MEAN's Participants. The IRP is updated on an as-needed basis to account for changes in power supply markets, fuel prices, and customer loads. On an annual basis, MEAN will review the resource plan for the next 12 months and make short-term purchases and sales to maintain compliance with the seasonal capacity reserve requirements and prudent margin, within Board-approved limits, ~~and~~ to ~~minimize~~ optimize costs and benefits for MEAN ~~Total Requirement~~ Participants ~~(TRP),~~ in conjunction with applicable risk limits.

Section 4: ~~Purchase vs. Ownership of Generating~~ Resources Procurement

MEAN has a diverse mix of resources to serve Participants. This diversity includes various contract types including ownership shares, participation agreements, and purchased power contracts. There are risks

and benefits associated with ~~owning a~~each generating resource. In evaluating resource procurements, MEAN will conduct an evaluation of risks and benefits, including factors related to the resource contract type, as a part of its resource origination process. ~~, compared to entering into a purchased power contract. The benefits of owning generation include greater control, long-term stability and the ownership of a physical asset at the maturity of the debt associated with the project. Purchased power contracts have benefits in that there is no long-term plant risk associated with them, they allow for more flexibility in the resource portfolio, they can be tailored to the length of shorter-term sales contracts and, in some cases, purchased power costs may be lower than the cost of owning generating resources.~~

~~MEAN has a mix of owned resources and purchased power contracts to serve the TRP. In evaluating whether to enter a purchased power contract or to own a generating resource, MEAN will consider multiple factors, including:~~

~~1. Total cost of each resource~~

~~2. Long-term stability in costs~~

~~3. Possible change in costs to replace purchased power contract at its expiration~~

~~4. Need for the resource (short-term, long-term)~~

~~5. Term of TRPs contracts being served by the resource (Service Schedule M vs. Service Schedule J)~~

~~6. Expected useful life and residual value of the project~~

~~***Section 5: Planning and Operating Reserves***~~

~~MEAN complies with the then-current applicable requirements for planning reserve margins for all loads in the Midwest Independent Transmission System Operator (MISO) and the Southwest Power Pool Inc. (SPP) areas.~~

~~In Western Electricity Coordinating Council (WECC) areas, MEAN participates in the Rocky Mountain Reserve Group (RMRG). RMRG is a generation reserve sharing pool that is in place to maintain system reliability in the event of unplanned generator outages.~~

Section ~~6~~5: Transmission

MEAN will negotiate and secure network integration transmission service, or point to point transmission service if required, within the regional transmission organization or with respective transmission providers for delivery of firm power and energy to~~TRPs~~ the transmission networks and Participants. MEAN will also sign and participate in regional transmission tariffs to facilitate off-system energy purchases and sales, as needed.

As a transmission-dependent utility, MEAN supports fair, reasonable and non-discriminatory access and pricing policies for transmission service. MEAN will continue to work with the Midwest Reliability

Organization (MRO), MISO, SPP, the Western Electricity Coordinating Council (WECC) and American Public Power Association (APPA) to promote and influence favorable national and regional transmission policies for the benefit of all transmission-dependent utilities and public power.

Section ~~7~~6: System Coordination

When operating in a competitive wholesale electric market, TEA, as the Market Participant for MEAN, must coordinate with various industry authorities ~~resources~~ and utilities in order to maintain reliable supply to Participants. TEA will optimize operations in response to grid conditions, including an unexpected loss of resources and/or transmission system curtailments. TEA will coordinate with MEAN and Participant leased generation to dispatch Participant power plants that are economic or required to stabilize grid conditions. ~~The following is a series of activities or consequences that will take place in case of unexpected loss of resources and/or transmission system curtailments:~~

~~1. Follow operating instructions given by Balancing Authorities, Reliability Coordinators and/or Transmission Operators in a manner consistent with applicable transmission tariffs.~~

~~2. Purchase power from counterparties, pursuant to the counterparty credit limits, if prices are competitive.~~

~~3. Cut all non-firm sales.~~

~~4. Dispatch all MEAN Participant power plants that are economic.~~

Section ~~8~~7: Environmental Stewardship

~~The MEAN Wind Resource Pool includes Kimball Wind, LLC, MEAN's share of output from the Ainsworth Wind Energy Facility, Wessington Springs Wind Project, Elkhorn Ridge Wind, LLC, Plant, Laredo Ridge Wind, LLC, Crofton Bluffs Wind, LLC, Plant, and any other designated wind-generated resources. MEAN has also entered into a long-term purchase power agreement with WM Renewable Energy, LLC for the output of the landfill gas fueled electric generating facility located at the Metro Park East Landfill in Mitchellville, Iowa. Although such purchases may be somewhat more expensive and certain generation output may be less reliable than conventional resources, MEAN's actions with regard to renewable energy are an indicator of the importance of environmental stewardship to MEAN and its Participants.~~

~~MEAN's power supply generators and Participant generators must maintain compliance with all applicable environmental laws and regulations. Environmental costs and impacts will be a consideration in future resource decisions.~~

MEAN has, and continues to develop, a diverse resource portfolio that includes many non-carbon emitting resources. In 2020, the MEAN Board approved a resolution laying out a vision to work toward transitioning the agency's wholesale power resource portfolio to achieve carbon neutrality by 2050, while holding paramount its mission to provide reliable and affordable power supply. A carbon neutral power supply portfolio would achieve net-zero carbon emissions through the elimination of carbon emissions or balancing emissions with carbon removal through carbon offset mechanisms.

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Through its Integrated Resource Planning process, MEAN will consider all viable resource options using the same set of criteria and with the final goal of net zero carbon emissions. Progress toward the 2050 Vision will encounter the constraints of MEAN's existing resource portfolio and the limitations of current resource technology and grid infrastructure. Any feasible options must maintain reliability and affordability.

MEAN will also comply with any state-legislated carbon reduction requirements imposed on MEAN participants.

Version	Effective Date	Description of Revision
1.0	May 19, 2016	
2.0	August 16, 2018	Deleted Power Trading and Transmission Authority and Limits, Deleted Non-Power Trading Transactions, remove references to TAPS membership and updated language to reference Kimball Wind, LLC. Other errata changes.
3.0	May 23, 2019	Updated and clarified Sections 1.2 Purpose, 3: Resource Planning, 4: Purchase vs. Ownership of Generating Resources, 5: Planning and Operating Reserves ,7: System Coordination. Other errata changes.
4.0	November 20, 2025	Deleted references to MEAN Management Committee. Updated and clarified Sections 1.2 Purpose, 1.3 Applicability, 3: Resource Planning and Reserve Margins, 4: Resource Procurement, updated and incorporated old sections into revised sections and renumbered remaining sections 5: Transmission, 6: System Coordination, 7: Environmental Stewardship. Other errata changes.